

# **Dannhauser Local Municipality KZN 254**

8 Church Street  
Private Bag X 1011  
Dannhauser



Telephone: (034) 621 2666  
Facsimile: (034) 621 3114

---

## **Dannhauser Local Municipality's**

### **Final budget**

**2019/2020-2021/222**

### **Medium Term Revenue and Expenditure Framework**

## **Table of Contents**

### **Part 1 Final budget tables**

<b>No</b>	<b>Description</b>	<b>Page</b>
<b>1</b>	<b>Cover Page</b>	<b>1</b>
<b>2</b>	<b>Table of Content</b>	<b>2</b>
	<b>Mayors Report</b>	
<b>3</b>	<b>Background</b>	<b>3</b>
<b>4</b>	<b>Consolidated overview of the 2019/2020 draft budget</b>	<b>5</b>
<b>5</b>	<b>Summary of Operating Revenue</b>	<b>6-7</b>
<b>6</b>	<b>Summary of Operating Expenditure</b>	<b>8-9</b>
<b>7</b>	<b>Capital Project</b>	<b>10- 11</b>
<b>8</b>	<b>Treasury's Tables</b>	

## BACKGROUND

- That the Council of Dannhouser Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approve and adopt Final Budget and Medium Term Budget Expenditure Framework as set out in the following schedules.
- A1 Schedule municipal draft budget comprises of following tables;
  - **Table A1 Budget Summary** (financial Performance, Capital Expenditure and cash sources, Financial Position and Cash Flows & Asset Management.
  - **Table A2 Consolidated Budgeted Financial Performance** (revenue and expenditure by standard classification;
  - **Table A3 Consolidated Budgeted Financial Performance** (revenue and expenditure by municipal vote);
  - **Table A4 Consolidated Budgeted Financial Performance** (Revenue and expenditure);
  - **Table A5 Consolidated Budgeted Capital Expenditure** by vote, standard classification and funding;
  - **Table A6 Consolidated Budgeted Financial Position;**
  - **Table A7 Consolidated Budgeted Cash Flows;**
  - **Table A8 Consolidated Cash Backed Reserves/Accumulated surplus reconciliation;**
  - **Table A9 Consolidated Asset Management;**
  - **Table A10 Consolidated Basic Service Delivery Measurement.**

## MAYOR'S REPORT

Speaker, Deputy, Mayor, Chief Whip, MPAC Chair, EXCO Members and Councillors, Officials and members of the public.

Basic Service Delivery has highly dependent on grant funding for our municipality. We are a small rural municipality and therefore we are limited in our own revenue collections.

As a result, financial sustainability for Dannhauser Municipality is highly dependent on property rates collections and service charges, mainly from our Businesses and farmers. I am however happy to report that our businesses and farmers have shown to be supportive of our municipality as they have kept up with their appreciation for services by keeping up a payment rate of above 65%, within the National Treasury norms.

The cash flow status of the municipality is so far positive and we anticipate it to stay positive throughout the financial year end being 30 June 2019.

For the 2018/19 Financial year, I am happy to report that the municipality has received an Unqualified audit opinion, this is a good indication that the financial affairs of this municipality are fairly presented and well taken care of.

The municipality has benefited from the National treasury programme (Finance Internship programme) Through this programme, 5 job opportunities were created. The aim of the programme is to build capacity within the budget and treasury office while creating jobs for our youth in Dannhauser.

Speaker, Deputy, Mayor, Chief Whip, MPAC Chair, EXCO Members and Councillors, Officials and members of the public I wish to present to you an overview of the 2018/2019 Adjustment Budget for Dannhauser Municipality. The budget and MTREF has been prepared as per the provisions of Finance Management Act as well as MFMA budget and reporting regulations.

As I present this budget it is important to take note of the challenges that currently facing our country and ultimately affecting our local sphere of government which our municipality is part of. As a local municipality we are not immune to the challenges facing South Africa as well as our district

- Our youth is affected by Unemployment
- Shortage of Water

- An ongoing quest for clean administration and governance
- Inability to fund municipal projects through internally generated revenue as I have mentioned the heavily reliance on grant funding for our capital projects

Speaker in the 2018/2019 Adjustment budget, we respond to these challenges as follows:

A capital expenditure allocation of R 83 359 000 after an upward adjustment of R 4 226 000 from internally generated funding to boost our service delivery projects. This is an indication that we put into priority our main objective as a local municipality towards improving the lives of our community.

Speaker in response to poverty and unemployment, the municipality has done the following

- Created jobs opportunities through the EPWP Programme
- More jobs were also created through the Municipal Intern programme

Speaker and Council it is also important to note that the adjustment budget we are tabling today takes into account cost cutting measures

### Operating Budget

The municipality's Operating budget for 2019/2020 is summarised as follows:

Description	Adjusted Budget	Budget Year	Budget Year	Budget Year
	2018/19	2019/20	+ 1 2019/20	+ 2 2021/22
Revenue By Source	R	R	R	R
Total Revenue (excluding capital transfers and contributions)	126,194,000	142,125,000	143,546,000	144,981,000
Total Operating Expenditure	125,879,000	122,994,000	124,224,000	125,467,000
Surplus (Deficit)	94,066,000	19,131,000	19,322,000	19,514,000
Total Capital Expenditure	82,218,000	90,561,000	91,467,000	92,381,000

More details of both operating and capital budget are reflected on the executive summary of the adjustment budget document.

In a nut shell the table above shows that we are expecting a increase in revenue of at least R15 Million.

Furthermore, the originally approved Budget indicates Arts and Culture allocation as R 1 035 000 million while on the Provincial Allocation document it shows R 838 000, which means there is downwards adjustment.

### Capital Budget

Table below summarises the Capital Expenditure Adjustment Budget

<u>Capital expenditure &amp; funds sources</u>											
Capital expenditure	-	-	60,333	39,682	87,505	-	61,485	90,561	91,467	92,381	
Transfers recognised - capital	-	-	71,303	-	-	-	82,318	21,766	22,778	24,234	
Borrowing	-	-	(100)	-	-	-	(100)	24,750	-	-	
Internally generated funds	-	-	-	-	-	-	-	44,045	68,689	68,147	
Total sources of capital funds	-	-	71,203	-	-	-	82,218	90,561	91,467	92,381	

The table above is showing on how we increase our capital expenditure. You would notice that the Capital Projects approved with the adjustment Budget for Capital projects were R 71 million and increased to R 90 million due to the upcoming Taxi Rank Construction, Municipal Offices, Urban Roads and Electrification Projects.

Speaker and Council, I would like to take this opportunity and express my gratitude and appreciate the following people:

- The municipal Manager, Directors and staff for their input in this adjustment budget as presented to you.
- Office bearers i.e. Deputy Mayor and the Speaker, Chief Whip and the MPAC chair
- The Executive committee members;
- All councilors who are the face of service delivery in their respective wards
- Our rates payers for appreciating our services; and
- The community of Dannhauser for their support and co-operation
- 

I thank you

.....

**HONORABLE COUNCILLOR**

**MAYOR OF DANNHAUSER LOCAL MUNICIPALITY**

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the municipal financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and

equitably to Dannhauser community. The Municipal Business and Service Delivery priorities were reviewed as part of this year planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial management. A critical review was also undertaken of expenditures on noncore and nice to have" items.

This annual budget is based on the consultation with various stakeholders including relevant government departments. An assessment and view of the revenue and expenditure trends have also been considered. The critical review is undertaken on expenditure and therefore the non-core and nice to have activities were eliminated with an aim to allocate more to service delivery, which is the core function of the municipality.

Revenue and Expenditure projections are projected in such a way that it is consistent with current and past performance and it does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained with the generally acceptable prudential limits and obligations can be met in short, medium and long term). The budget sets out certain service delivery levels and associated financial implications.

The municipality aims to look at its Revenue enhancement strategy to optimize collection of debt measures. The Budget and Medium Term Revenue and Expenditure Framework (MTREF) was also prepared taking cognizance of the contents of the Local Government: Municipal Finance management act No 56 of 2003, circular No. 93, circular No 94 and the Local Government: MFMA Budget formats Guide received from National Treasury.

The following table is a consolidated overview of the proposed 2019/20 Medium Term Revenue and Expenditure Framework

**Table 1 Consolidated Overview of the 2019/20 Final Budget and MTREF**

<b>Description</b>	<b>Adjusted Budget</b>	<b>Budget Year</b>	<b>Budget Year</b>	<b>Budget Year</b>
	<b>2018/19</b>	<b>2019/20</b>	<b>+ 1 2019/20</b>	<b>+ 2 2021/22</b>
<b>Revenue By Source</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>126,194,000</b>	<b>142,125,000</b>	<b>143,546,000</b>	<b>144,981,000</b>
<b>Total Operating Expenditure</b>	<b>125,879,000</b>	<b>122,994,000</b>	<b>124,224,000</b>	<b>125,467,000</b>
<b>Surplus (Deficit)</b>	<b>94,066,000</b>	<b>19,131,000</b>	<b>19,322,000</b>	<b>19,514,000</b>
<b>Total Capital Expenditure</b>	<b>82,218,000</b>	<b>90,561,000</b>	<b>91,467,000</b>	<b>92,381,000</b>

Total operating revenue has increased by **13.54 %** per cent to R 142 million for the 2019/20

financial year when compared to the 2018/19 Adjustment Budget. Total operating expenditure for the 2019/20 financial year has been appropriated at **R 122.9 million** when compared to **R125.8 million** for the 2018/19 Adjustment Budget, operational expenditure has decreased by **2% in 2019/20 and** for the outer years' operating expenditure has increased by **1% respectively**.

Capital expenditure has increased by 10% in 20 19/20 as compared to 2018/19 and the outer years increased by 1% respectively.

### **Annual Budget Tables**



KZN254 Dannhauser - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Financial Performance</b>										
Property rates	-	-	16,605	134,545	20,016	-	12,709	28,198	26,440	26,734
Service charges	-	-	997	1,171	1,171	-	690	1,233	1,345	1,258
Investment revenue	-	-	417	5,175	3,617	-	303	3,812	3,850	3,889
Transfers recognised - operational	-	-	84,964	13,188	95,136	-	65,197	101,500	104,535	105,581
Other own revenue	-	-	(2,158)	21,238	6,254	-	11,197	5,421	5,475	5,530
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	100,825	172,317	126,794	-	89,016	142,125	143,546	144,981
Employee costs	-	-	28,433	14,399	25,030	-	12,666	28,811	26,009	29,380
Remuneration of councillors	-	-	7,009	-	9,332	-	4,521	13,285	10,388	10,491
Depreciation & asset impairment	-	-	26,032	-	19,500	-	-	21,000	21,210	21,422
Finance charges	-	-	475	12,073	8,126	-	2,326	1,200	1,212	1,234
Materials and bulk purchases	-	-	111	208	341	-	90	287	289	292
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	44,226	53,572	63,580	-	37,859	61,412	62,026	62,646
<b>Total Expenditure</b>	-	-	107,186	78,261	126,879	-	57,463	122,994	124,224	125,467
<b>Surplus/(Deficit)</b>	-	-	(6,361)	94,056	315	-	31,553	19,130	19,322	19,515
Transfers and subsidies - capital (monetary allocations) (N)	-	-	22,081	-	23,400	-	21,400	21,766	22,778	24,234
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	15,721	94,056	23,715	-	51,033	40,896	42,100	43,749
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	15,721	94,056	23,715	-	51,033	40,896	42,100	43,749
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	-	-	62,333	38,682	87,505	-	61,485	90,561	91,467	92,381
Transfers recognised - capital	-	-	71,303	-	-	-	82,318	21,766	22,778	24,234
Borrowing	-	-	(100)	-	-	-	(100)	34,750	-	-
Internally generated funds	-	-	-	-	-	-	-	44,046	68,589	68,147
<b>Total sources of capital funds</b>	-	-	71,233	-	-	-	82,218	90,561	91,467	92,381
<b>Financial position</b>										
Total current assets	-	-	81,033	54,384	(63,790)	-	83,088	58,537	59,002	59,683
Total non-current assets	-	-	362,959	38,682	87,505	-	407,952	90,561	91,467	92,381
Total current liabilities	-	-	38,404	-	-	-	52,108	27,288	27,561	27,837
Total non-current liabilities	-	-	2,457	-	-	-	2,288	-	-	-
Community wealth/equity	-	-	397,104	94,056	23,715	-	456,644	40,896	42,100	43,749
<b>Cash flows</b>										
Net cash from/(used) operating	-	-	43,147	94,056	(43,215)	-	31,179	58,264	66,116	68,141
Net cash from/(used) investing	-	-	(19,372)	(38,682)	(87,505)	-	(61,485)	(90,561)	(91,467)	(92,381)
Net cash from/(used) financing	-	-	9,085	-	-	-	3,466	21,294	21,537	21,722
<b>Cash/bank equivalents at the year end</b>	-	-	(47,138)	54,384	(44,290)	-	2,766	22,997	19,154	16,636
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	-	49,231	54,384	(63,790)	-	37,308	34,543	34,888	35,237
Application of cash and investments	-	-	2,174	-	-	-	(16,086)	(17,549)	(22,728)	(23,895)
<b>Balance - surplus (shortfall)</b>	-	-	47,057	54,384	(63,790)	-	53,394	52,092	57,617	59,132
<b>Asset management</b>										
Asset register summary (R/R)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	14,660	-	19,500	-	-	2,100	2,121	1,785
Renewal and Upgrading of Existing Assets	-	-	474	4,632	28,988	-	-	16,650	16,817	16,985
Repairs and Maintenance	-	-	(17,725)	9,777	10,609	-	-	12,463	10,567	10,673
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-	-

### Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipal budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. This table provides an overview of the amounts approved by council for operating

performance, resources deployed to Capital Expenditure, Financial Position, Cash and Funding Compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Municipality is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services delivery to the poor.

**KZN254 Dannhauser - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>	<b>1</b>									
<i>Governance and administration</i>		-	-	97,104	161,168	110,056	-	124,220	125,462	126,717
Executive and council		-	-	402	5,185	5,272	-	5,364	5,418	5,472
Finance and administration		-	-	96,702	155,983	104,783	-	118,856	120,044	121,245
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	24,236	5,011	32,430	-	32,706	33,033	33,364
Planning and development		-	-	24,236	5,011	32,430	-	32,706	33,033	33,364
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	5,061	6,138	7,108	-	8,965	9,054	9,145
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	5,061	6,138	7,108	-	8,965	9,054	9,145
<i>Other</i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	-	-	<b>126,401</b>	<b>172,317</b>	<b>149,594</b>	-	<b>165,891</b>	<b>167,550</b>	<b>169,225</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	-	67,184	51,093	92,890	-	78,610	79,396	80,190
Executive and council		-	-	28,025	26,412	39,074	-	30,062	30,363	30,667
Finance and administration		-	-	39,159	24,681	53,815	-	48,547	49,033	49,523
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	804	-	-	-	-	-	-
Community and social services		-	-	804	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	29,999	21,196	20,664	-	33,583	33,918	34,257
Planning and development		-	-	29,996	21,196	20,664	-	33,583	33,918	34,257
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	3	-	-	-	-	-	-
<i>Trading services</i>		-	-	12,693	5,962	12,326	-	12,902	13,031	13,162
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	69	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	12,693	5,962	12,257	-	12,902	13,031	13,162
<i>Other</i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>3</b>	-	-	<b>110,680</b>	<b>78,251</b>	<b>125,879</b>	-	<b>125,094</b>	<b>126,345</b>	<b>127,609</b>
<b>Surplus/(Deficit) for the year</b>		-	-	<b>15,721</b>	<b>94,066</b>	<b>23,715</b>	-	<b>40,796</b>	<b>41,204</b>	<b>41,616</b>

## Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

- Note that as a general principle the revenues for the operational services (e.g. property rates) should exceed their expenditures, but not the Waste management function.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

KZN254 Dannhauser - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Vote 1 - MAYOR AND COUNCIL		-	-	0	5,188	5,188	-	5,364	5,418	5,472
Vote 2 - HUMAN RESOURCES		-	-	45	-	1,042	-	1,042	1,053	1,063
Vote 3 - BUDGET AND TREASURY OFFICES		-	-	96,657	155,983	103,741	-	117,814	118,992	120,182
Vote 4 - PROJECT MANAGEMENT UNIT		-	-	24,236	5,011	32,430	-	32,706	33,033	33,364
Vote 5 - SOLID WASTE REMOVAL		-	-	5,061	6,138	7,108	-	8,965	9,054	9,145
Vote 6 - POLICE FORCES		-	-	-	-	-	-	-	-	-
Vote 7 - MUNICIPAL MANAGER TOWN SECRETARY AND		-	-	402	(3)	84	-	-	-	-
Vote 8 - null		-	-	-	-	-	-	-	-	-
Vote 9 - null		-	-	-	-	-	-	-	-	-
Vote 10 - null		-	-	-	-	-	-	-	-	-
Vote 11 - null		-	-	-	-	-	-	-	-	-
Vote 12 - null		-	-	-	-	-	-	-	-	-
Vote 13 - null		-	-	-	-	-	-	-	-	-
Vote 14 - null		-	-	-	-	-	-	-	-	-
Vote 15 - null		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	126,401	172,317	149,594	-	165,891	167,550	169,225
Expenditure by Vote to be appropriated	1									
Vote 1 - MAYOR AND COUNCIL		-	-	20,291	18,349	28,576	-	22,664	22,891	23,119
Vote 2 - HUMAN RESOURCES		-	-	11,890	5,099	11,328	-	13,012	13,142	13,274
Vote 3 - BUDGET AND TREASURY OFFICES		-	-	27,270	19,583	42,487	-	35,535	35,890	36,249
Vote 4 - PROJECT MANAGEMENT UNIT		-	-	29,942	21,196	20,664	-	33,583	33,918	34,257
Vote 5 - SOLID WASTE REMOVAL		-	-	13,500	5,962	12,257	-	12,902	13,031	13,162
Vote 6 - POLICE FORCES		-	-	55	-	-	-	-	-	-
Vote 7 - MUNICIPAL MANAGER TOWN SECRETARY AND		-	-	7,734	8,062	10,498	-	7,398	7,472	7,547
Vote 8 - null		-	-	-	-	-	-	-	-	-
Vote 9 - null		-	-	-	-	-	-	-	-	-
Vote 10 - null		-	-	-	-	-	-	-	-	-
Vote 11 - null		-	-	-	-	-	-	-	-	-
Vote 12 - null		-	-	-	-	-	-	-	-	-
Vote 13 - null		-	-	-	-	-	-	-	-	-
Vote 14 - null		-	-	-	-	-	-	-	-	-
Vote 15 - null		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	110,680	78,251	125,810	-	125,094	126,345	127,609
Surplus(Deficit) for the year	2	-	-	15,721	94,066	23,784	-	40,796	41,204	41,616

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

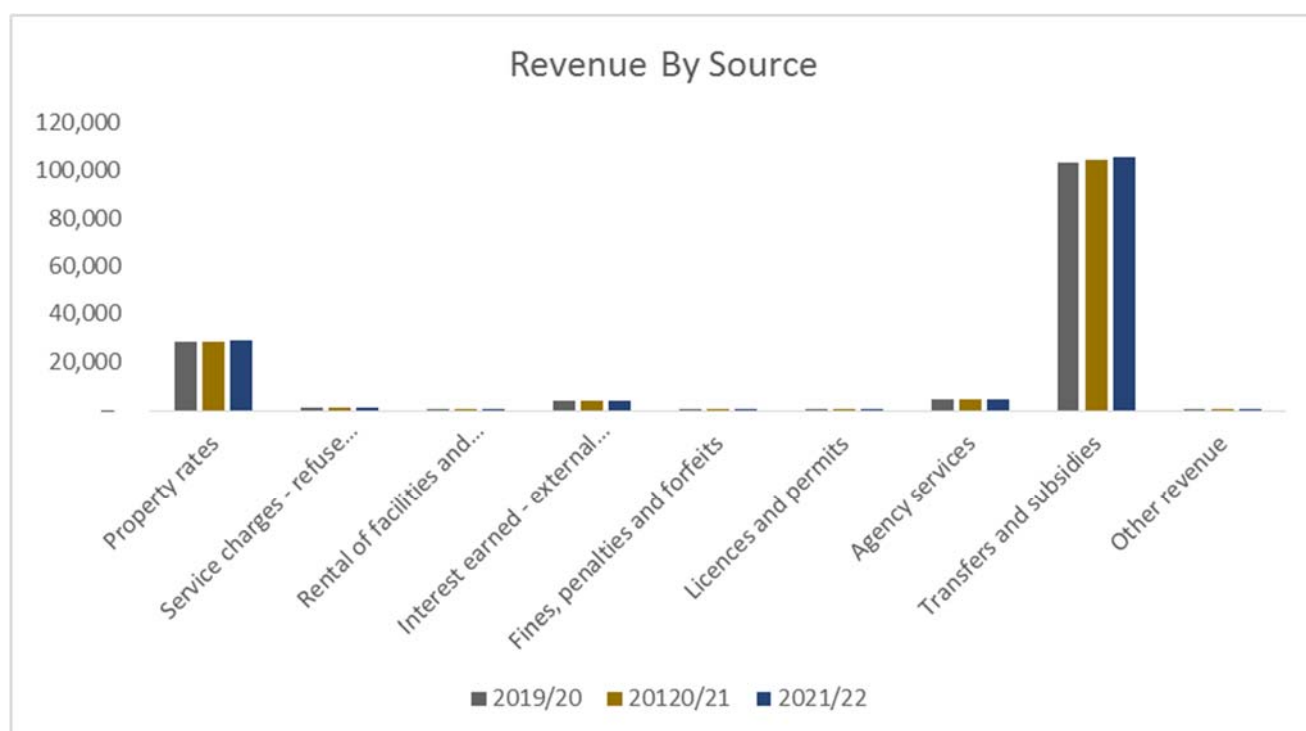
KZN254 Dannhauser - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	-	-	16,605	134,545	20,016	-	12,709	28,158	28,440	28,724
Service charges - refuse revenue	-	-	997	1,171	1,171	-	690	1,233	1,245	1,258
Rental of facilities and equipment	-	-	94	-	-	-	77	92	93	94
Interest earned - external investments	-	-	417	5,175	3,617	-	303	3,812	3,850	3,889
Fines, penalties and forfeits	-	-	117	1,478	1,250	-	71	325	328	331
Licences and permits	-	-	361	438	300	-	361	120	121	122
Agency services	-	-	1,829	19,268	3,334	-	7,930	4,724	4,771	4,818
Transfers and subsidies	-	-	84,964	10,188	95,136	-	65,197	103,500	104,535	105,581
Other revenue	-	-	(4,589)	53	1,361	-	1,759	161	162	164
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	100,825	172,317	126,194	-	89,096	142,125	143,546	144,981
<b>Expenditure By Type</b>										
Employee related costs	-	-	28,433	14,399	25,030	-	12,666	28,811	29,099	29,300
Remuneration of councillors	-	-	7,939	-	9,332	-	4,521	10,285	10,388	10,491
Depreciation & asset impairment	-	-	26,002	-	19,500	-	-	21,000	21,210	21,422
Finance charges	-	-	475	10,073	8,126	-	2,326	1,200	1,212	1,224
Other materials	-	-	111	208	341	-	90	287	289	292
Contracted services	-	-	44,226	53,572	63,550	-	37,859	61,412	62,026	62,646
<b>Total Expenditure</b>	-	-	107,186	78,251	125,879	-	57,463	122,994	124,224	125,467
<b>Surplus/(Deficit)</b>	-	-	(6,361)	94,066	315	-	31,633	19,130	19,322	19,515
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	22,081	-	21,400	-	21,400	21,766	22,778	24,234
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	-	-	15,721	94,066	23,715	-	53,033	40,896	42,100	43,749
Atributable to minorities	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	-	-	15,721	94,066	23,715	-	53,033	40,896	42,100	43,749
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	15,721	94,066	23,715	-	53,033	40,896	42,100	43,749

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue budget for 2019/20 to 2021/22 has increased from R126 million to R144,9 million, of which own revenue represent R36.6 million to R39.4 million which is translated to an average of 5 percent increase over the years.
2. Revenue generated from property rates amounted to R28 million in the 2019/20 financial year which represents 20 percent of the total operating revenue basket of the municipal and therefore remains a significant funding source for the municipality and increases to R28.4 million by 2029/21 and R28.7 Million in 2021/22.
3. Operating grants and transfers including Local Government Equitable Share totals

R95.5 million in the 2019/20 financial year and steadily increases to R97.4 million by

4. 2021/22. Grants receipts from National Government are increasing slightly over the MTREF by 0,04% percent and by 1 percent in 2020/21 and 2021/21 respectively.



KZN254 Dannhauser - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2018/19 Medium-Term Expenditure Review		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Re-audit Outcomes	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>	<b>1</b>										
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - MEYER AND COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - HUMAN RESOURCES		—	—	—	—	—	—	—	—	—	—
Vote 3 - BUDGET AND TREASURY OFFICES		—	—	—	—	—	—	—	—	—	—
Vote 4 - PROJECT MANAGEMENT UNIT		—	—	—	—	—	—	—	—	—	—
Vote 5 - SOLID WASTE REMOVAL		—	—	—	—	—	—	—	—	—	—
Vote 6 - POLICE FORCES		—	—	—	—	—	—	—	—	—	—
Vote 7 - MUNICIPAL MANAGER TOWN SECRETARY AND CHIEF EXECUTIVE		—	—	—	—	—	—	—	—	—	—
Vote 8 - null		—	—	—	—	—	—	—	—	—	—
Vote 9 - null		—	—	—	—	—	—	—	—	—	—
Vote 10 - null		—	—	—	—	—	—	—	—	—	—
Vote 11 - null		—	—	—	—	—	—	—	—	—	—
Vote 12 - null		—	—	—	—	—	—	—	—	—	—
Vote 13 - null		—	—	—	—	—	—	—	—	—	—
Vote 14 - null		—	—	—	—	—	—	—	—	—	—
Vote 15 - null		—	—	—	—	—	—	—	—	—	—
<b>Capital multi-year expenditure sub-total</b>	<b>2</b>	—	—	—	—	—	—	—	—	—	—
<b>Single-year expenditure to be appropriated</b>	<b>3</b>										
Vote 1 - MEYER AND COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - HUMAN RESOURCES		—	—	7	212	100	—	16	—	—	—
Vote 3 - BUDGET AND TREASURY OFFICES		—	—	49 540	91	91	—	49 491	1 910	1 910	1 910
Vote 4 - PROJECT MANAGEMENT UNIT		—	—	9 341	39 110	89 204	—	10 548	89 366	89 220	87 092
Vote 5 - SOLID WASTE REMOVAL		—	—	1 308	210	1 598	—	1 440	2 800	2 848	2 877
Vote 6 - POLICE FORCES		—	—	17	—	10	—	—	—	—	—
Vote 7 - MUNICIPAL MANAGER TOWN SECRETARY AND CHIEF EXECUTIVE		—	—	96	—	90	—	—	425	429	433
Vote 8 - null		—	—	—	—	—	—	—	—	—	—
Vote 9 - null		—	—	—	—	—	—	—	—	—	—
Vote 10 - null		—	—	—	—	—	—	—	—	—	—
Vote 11 - null		—	—	—	—	—	—	—	—	—	—
Vote 12 - null		—	—	—	—	—	—	—	—	—	—
Vote 13 - null		—	—	—	—	—	—	—	—	—	—
Vote 14 - null		—	—	—	—	—	—	—	—	—	—
Vote 15 - null		—	—	—	—	—	—	—	—	—	—
<b>Capital single-year expenditure sub-total</b>	<b>3</b>	—	—	60 303	39 612	80 508	—	61 480	90 567	91 467	90 380
<b>Total Capital Expenditure - Vote</b>		—	—	60 303	39 612	80 508	—	61 480	90 567	91 467	90 380
<b>Capital Expenditure - Functional</b>											
Governance and administration		—	—	49 540	302	710	—	49 491	2 378	2 399	2 429
Executive and council		—	—	96	—	90	—	—	425	429	433
Finance and administration		—	—	49 540	302	710	—	49 491	2 378	2 399	2 429
Internal audit		—	—	—	—	—	—	—	—	—	—
Community and public safety		—	—	—	—	—	—	—	—	—	—
Community and social services		—	—	—	—	—	—	—	—	—	—
Open local government		—	—	—	—	—	—	—	—	—	—
Public works		—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		—	—	9 341	39 110	89 204	—	10 548	89 366	89 220	87 092
Planning and development		—	—	9 341	39 110	89 204	—	10 548	89 366	89 220	87 092
Road transport		—	—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		—	—	1 308	210	1 598	—	1 440	2 800	2 848	2 877
Energy services		—	—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—	—
Water supply management		—	—	—	—	—	—	—	—	—	—
Water management		—	—	1 308	210	1 598	—	1 440	2 800	2 848	2 877
Other		—	—	—	—	—	—	—	—	—	—
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	—	—	60 303	39 612	80 508	—	61 480	90 567	91 467	90 380
<b>Funding</b>											
National Government		—	—	49 499	—	—	—	49 499	21 766	22 178	24 234
Provincial Government		—	—	—	—	—	—	—	—	—	—
Distal Municipality		—	—	—	—	—	—	—	—	—	—
Other funders and grants		—	—	2 804	—	—	—	2 878	—	—	—
<b>Transfers recognised - capital</b>	<b>4</b>	—	—	51 303	—	—	—	52 378	21 766	22 178	24 234
Borrowing		—	—	(100)	—	—	—	(100)	24 760	—	—
Internally generated funds		—	—	—	—	—	—	—	44 049	49 049	48 167
<b>Total Capital Funding</b>	<b>7</b>	—	—	51 203	—	—	—	52 278	90 567	91 467	90 380

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R90.5 million for the 2019/20 financial year and increase by R906 thousand and R906 thousand for the outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such Roads, Electrification, Municipal Offices, Community Halls etc. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
5. The capital programme is funded from Capital Grants and Transfers, Borrowings and Internally generated funds including investments. For 2019/20, Capital Transfers amounts to R21.7 million and escalates to R22.7 million by 2020/21 and R24.2 million for 2021/22 in the MTREF. Internal generated funds to cover a shortfall in capital budget will be R44 million. The internal generated funds will arise from investments and own revenue in the statement of financial performance.



KZN254 Dannhauser - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		-	-	10,907	54,384	(63,790)	-	(1,016)	2,798	2,826	2,854
Call investment deposits	1	-	-	38,334	-	-	-	38,324	31,745	32,063	32,383
Consumer debtors	1	-	-	28,210	-	-	-	32,884	23,964	24,204	24,446
Other debtors		-	-	3,562	-	-	-	12,996	-	-	-
Current portion of long term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>		-	-	81,003	54,384	(63,790)	-	83,088	58,507	59,092	59,683
<b>Non-current assets</b>											
Long term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	-	-	351,433	39,682	87,505	-	388,426	90,561	91,467	92,381
Biological		-	-	70	-	-	-	70	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	19,456	-	-	-	19,456	-	-	-
<b>Total non-current assets</b>		-	-	380,959	39,682	87,505	-	437,932	90,561	91,467	92,381
<b>TOTAL ASSETS</b>		-	-	431,961	94,066	23,715	-	491,040	149,068	150,559	152,065
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	9,085	-	-	-	12,543	24,750	24,998	25,247
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	-	-	18,622	-	-	-	8,968	2,538	2,564	2,589
Provisions		-	-	10,697	-	-	-	10,697	-	-	-
<b>Total current liabilities</b>		-	-	38,404	-	-	-	32,108	27,288	27,561	27,837
<b>Non-current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	2,437	-	-	-	2,388	-	-	-
<b>Total non-current liabilities</b>		-	-	2,437	-	-	-	2,388	-	-	-
<b>TOTAL LIABILITIES</b>		-	-	40,841	-	-	-	34,496	27,288	27,561	27,837
<b>NET ASSETS</b>	5	-	-	391,120	94,066	23,715	-	456,544	121,780	122,998	124,228
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		-	-	391,104	94,066	23,715	-	456,544	121,780	122,998	124,228
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	-	391,104	94,066	23,715	-	456,544	121,780	122,998	124,228

### Explanatory notes to Table A6 - Budgeted Financial Position

1. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
2. Supporting table SA3 providing a detailed analysis of the major components of a number of items, including: call on investment deposits, Consumer debtors, Property, Plant and Equipment, Trade and Other Payables, Provision for Non-Current and

Current Liabilities, Change in net assets and Reserves.

3. The Municipal equivalent of Equity is Community Wealth. The justification is that ownership and the Net Assets of the Municipality belong to the community.

These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position. The municipality has no intention to borrow in the 2020/21 financial year.

KZN254 Dannhauser - Table A7 Budgeted Cash Flows

KZKZ34 Daminiduser - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	12,252	134,545	20,016	-	8,431	22,526	30,020	31,685
Service charges		-	-	(1,641)	1,171	1,171	-	289	1,233	1,245	1,258
Other revenue		-	-	(5,719)	21,238	6,254	-	855	5,421	5,475	5,530
Government- operating	1	-	-	84,964	10,188	95,136	-	65,197	103,500	104,535	105,581
Government- capital	1	-	-	22,081	-	23,400	-	21,400	23,766	24,004	24,244
Interest		-	-	417	5,175	3,617	-	303	3,812	3,850	3,889
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	(68,731)	(68,178)	(98,253)	-	(63,031)	(100,794)	(101,802)	(102,820)
Finance charges		-	-	(475)	(10,073)	(8,125)	-	(2,326)	(1,200)	(1,212)	(1,224)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM (USED) OPERATING ACTIVITIES		-	-	43,147	94,066	43,215	-	31,119	58,264	66,116	68,141
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	(19)	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	(19,458)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	(19,564)	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	(60,333)	(39,682)	(87,505)	-	(61,485)	(90,561)	(91,467)	(92,381)
NET CASH FROM (USED) INVESTING ACTIVITIES		-	-	(99,370)	(39,682)	(87,505)	-	(61,485)	(90,561)	(91,467)	(92,381)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term refinancing		-	-	9,085	-	-	-	3,466	24,750	24,998	25,247
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	(3,456)	(3,491)	(3,525)
NET CASH FROM (USED) FINANCING ACTIVITIES		-	-	9,085	-	-	-	3,466	21,294	21,507	21,722
NET INCREASE / (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin	2	-	-	(47,138)	54,384	(44,290)	-	(26,900)	(11,003)	(3,844)	(2,518)
Cash/cash equivalents at the year end	2	-	-	(47,138)	54,384	(44,290)	-	2,766	22,997	19,154	16,636

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The approved 2019/20 MTREF provide for net increase in cash of R20 million, this includes borrowings amounting to R24 million from DBSA. For the outer years cash and cash equivalents at year end decrease by R3.8 Million and R2.5 million respectively.
4. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R22 million as at the end of the 2019/20 financial year and decrease to R19.1 million by 2020/21 and R16.6 million on the 2021/22.

KZN254 Dannhauser - Table A8 Cash backed reserves/accumulated surplus reconciliation

KZN204 Dairi maseko - Table A0 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	(47,138)	54,384	(44,290)	-	2,766	22,997	19,154	16,636
Other current investments > 90 days		-	-	96,369	(0)	(19,500)	-	34,541	11,546	15,735	18,602
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	49,231	54,384	(63,790)	-	37,308	34,543	34,888	35,237
Application of cash and investments											
Unspent conditional transfers		-	-	0	-	-	-	423	523	528	534
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	2,173	-	-	-	(16,509)	(18,072)	(23,256)	(24,428)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	2,174	-	-	-	(16,086)	(17,549)	(22,728)	(23,895)
Surplus(shortfall)		-	-	47,057	54,384	(63,790)	-	53,394	52,092	57,617	59,132

## Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2018/19 the municipality has R52

million as surplus and escalate to R57 million to R59.1 million over the outer years.

6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 draft MTREF is properly funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

K2-254 Dornhauser - Table A3 Asset Management

R thousand	Description	Ref	2025/26	2027/27	2028/28	Current Year 2025/26		2025/26 Medium Term Financials & Expenditure			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>CAPITAL EXPENDITURE</b>											
<b>Total New Assets</b>											
	Road Infrastructure	1	-	-	12,985	25,380	25,377	-	23,911	26,433	25,307
	Stormwater Infrastructure		-	-	-	12,330	12,321	-	24,730	25,337	25,446
	Electrical Infrastructure		-	-	-	-	2,000	-	-	-	-
	Water Supply Infrastructure		-	-	4,940	5,520	11,566	-	1,600	1,614	1,632
	Sewerage Infrastructure		-	-	307	250	900	-	900	908	876
	Park Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	3,478	27,865	40,367	-	27,130	27,928	27,469
	Community Facilities		-	-	1,298	12,330	12,175	-	24,266	24,339	24,754
	Sport and Recreation Facilities		-	-	1,225	-	2,000	-	2,600	2,626	2,622
	Community Assets		-	-	2,523	24,000	25,376	-	26,468	27,158	27,427
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue-Generating		-	-	-	-	-	-	-	-	-
	Non-revenue-Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	2,330	2,000	-	3,000	2,330	2,362
	Housing		-	-	1,394	2,330	2,000	-	3,300	2,330	2,366
	Other Assets		-	-	6,841	4,885	6,337	-	6,430	6,460	6,407
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Leases and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	140	130	90	-	220	222	224
	Transport Assets		-	-	2,214	-	2,000	-	2,900	2,980	3,008
	Land		-	-	(542)	-	-	-	425	429	434
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>											
	Road Infrastructure	2	-	-	220	-	3,358	-	-	-	-
	Stormwater Infrastructure		-	-	220	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	220	-	-	-	-	-	-
	Community Facilities		-	-	-	-	3,358	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	2,400	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue-Generating		-	-	-	-	-	-	-	-	-
	Non-revenue-Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Leases and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	140	130	90	-	220	222	224
	Transport Assets		-	-	2,214	-	2,000	-	2,900	2,980	3,008
	Land		-	-	(542)	-	-	-	425	429	434
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>											
	Road Infrastructure	5	-	-	254	4,822	25,668	-	16,000	16,877	16,887
	Stormwater Infrastructure		-	-	9	-	200	-	300	330	334
	Electrical Infrastructure		-	-	-	-	-	-	900	939	978
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	9	-	200	-	1,200	1,210	1,228
	Community Facilities		-	-	-	1,330	1,000	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	2,000	1,300	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue-Generating		-	-	-	-	-	-	-	-	-
	Non-revenue-Generating		-	-	200	-	-	-	-	-	-
	Investment properties		-	-	254	-	-	-	-	-	-
	Operational Buildings		-	-	140	2,330	24,000	-	15,000	15,130	15,320
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	149	2,465	24,000	-	15,000	15,198	15,423
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Leases and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	(96)	91	48	-	-	-	-
	Furniture and Office Equipment		-	-	113	210	225	-	50	51	51
	Machinery and Equipment		-	-	176	130	69	-	400	404	408
	Transport Assets		-	-	(205)	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>											
	Road Infrastructure	4	-	-	11,459	30,682	67,325	-	40,581	41,467	42,381
	Stormwater Infrastructure		-	-	220	12,330	15,421	-	25,030	25,400	25,750
	Electrical Infrastructure		-	-	9	-	2,000	-	900	939	978
	Water Supply Infrastructure		-	-	4,940	5,520	11,566	-	1,600	1,614	1,632
	Sewerage Infrastructure		-	-	307	250	900	-	900	908	876
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	3,478	27,865	40,367	-	27,130	27,928	27,469
	Community Facilities		-	-	1,298	12,330	12,175	-	24,266	24,339	24,754
	Sport and Recreation Facilities		-	-	1,225	-	2,000	-	2,600	2,626	2,622
	Community Assets		-	-	2,523	24,000	25,437	-	26,468	27,158	27,427
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue-Generating		-	-	-	-	-	-	-	-	-
	Non-revenue-Generating		-	-	200	-	-	-	-	-	-
	Investment properties		-	-	254	-	-	-	-	-	-
	Operational Buildings		-	-	140	2,330	24,000	-	15,000	15,130	15,320
	Housing		-	-	1,394	2,330	2,000	-	3,300	2,330	2,366
	Other Assets		-	-	1,540	2,465	24,000	-	21,438	21,819	21,758
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Leases and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	(96)	91	48	-	-	-	-
	Furniture and Office Equipment		-	-	113	210	225	-	50	51	51
	Machinery and Equipment		-	-	176	130	69	-	400	404	408
	Transport Assets		-	-	(205)	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>											
	Road Infrastructure		-	-	11,459	30,682	67,325	-	40,581	41,467	42,381
	Stormwater Infrastructure		-	-	220	12,330	15,421	-	25,030	25,400	25,750
	Electrical Infrastructure		-	-	9	-	2,000	-	900	939	978
	Water Supply Infrastructure		-	-	4,940	5,520	11,566	-	1,600	1,614	1,632
	Sewerage Infrastructure		-	-	307	250	900	-	900	908	876
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	3,478	27,865	40,367	-	27,130	27,928	27,469
	Community Facilities		-	-	1,298	12,330	12,175	-	24,266	24,339	24,754
	Sport and Recreation Facilities		-	-	1,225	-	2,000	-	2,600	2,626	2,622
	Community Assets		-	-	2,523	24,000	25,437	-	26,468	27,158	27,427
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue-Generating		-	-	-	-	-	-	-	-	-
	Non-revenue-Generating		-	-	200	-	-	-	-	-	-
	Investment properties		-	-	254	-	-	-	-	-	-
	Operational Buildings		-	-	140	2,330	24,000	-	15,000	15,130	15,320
	Housing		-	-	1,394	2,330	2,000	-	3,300	2,330	2,366
	Other Assets		-	-	1,540	2,465	24,000	-	21,438	21,819	21,758
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Leases and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	(96)	91	48	-	-	-	-
	Furniture and Office Equipment		-	-	113	210	225	-	50	51	51
	Machinery and Equipment		-	-	176	130	69	-	400	404	408
	Transport Assets		-	-	(205)	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>											
			-	-	11,459	30,682	67,325	-	40,581	41,467	42,381

KZN254 Dannhauser - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	--	--	--	--	--	--	--	--	--
Roads Infrastructure										
Stormwater Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		--	--	--	--	--	--	--	--	--
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	--	--	--	--	--	--	--	--	--
<b>EXPENDITURE OTHER ITEMS</b>		--	--	(3,095)	9,777	30,109	--	12,563	12,688	12,498
Depreciation	7	--	--	14,690	--	19,500	--	2,100	2,121	1,795
<b>Repairs and Maintenance by Asset Class</b>	3	--	--	(17,725)	9,777	10,609	--	10,463	10,567	10,673
Roads Infrastructure		--	--	--	5,619	6,119	--	7,345	7,318	7,391
Stormwater Infrastructure		--	--	(17,725)	296	592	--	312	315	318
Electrical Infrastructure		--	--	--	212	212	--	223	225	227
Solid Waste Infrastructure		--	--	--	84	84	--	84	85	86
Infrastructure		--	--	(17,725)	6,211	7,007	--	7,664	7,947	8,022
Community Facilities		--	--	--	260	260	--	25	26	26
Sport and Recreation Facilities		--	--	--	--	--	--	--	--	--
Community Assets		--	--	--	260	260	--	25	26	26
Heritage Assets		--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--
Operational Buildings		--	--	--	1,033	781	--	641	647	654
Housing		--	--	--	--	--	--	--	--	--
Other Assets		--	--	--	1,033	781	--	641	647	654
Biological or Cultivated Assets		--	--	--	--	--	--	--	--	--
Services		--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--
Intangible Assets		--	--	--	--	--	--	--	--	--
Computer Equipment		--	--	--	30	32	--	--	--	--
Furniture and Office Equipment		--	--	--	138	96	--	101	102	103
Machinery and Equipment		--	--	--	1,571	1,861	--	1,129	1,140	1,151
Transport Assets		--	--	--	533	569	--	705	710	717
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		--	--	(3,095)	9,777	30,109	--	12,563	12,688	12,498
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	4.1%	11.6%	32.1%	0.0%	18.4%	18.4%	18.4%
Renewal and upgrading of Existing Assets as % of deprec		0.0%	0.0%	3.2%	0.0%	143.7%	0.0%	792.8%	792.9%	951.4%
R&M as a % of PPE		0.0%	0.0%	-5.3%	24.6%	12.1%	0.0%	11.6%	11.6%	11.6%
Renewal and upgrading and R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of assets, as well as spending on repairs and maintenance by asset class.
2. It also present the assets register summary.
3. The Assets register must reconcile to Budgeted Financial Position written down value
4. The budgeted asset was prepared on the basis that assets will increase over the medium term due to capital expenditure less accumulated depreciation for assets.

## **PART2- SUPPORTING DOCUMENTATION**

### **2.1 . Overview of Annual Budget Process**

- a) The Accounting Officer with the assistance of the Chief Financial Officer and the manager responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.
- b) The Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
- c) The IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- d) The Mayor shall convene a strategic workshop in September/October with the other councillors and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
- e) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- f) The Mayor shall table the draft IDP and draft MTREF budget to council at least 90 days before the start of the new budget year, together with the draft resolutions on approval of the budget and municipal tariffs and taxes, budget related policies (policies on tariff setting, property rates, credit control, debt collection, indigents, investment and cash management, borrowings, etc.) and any document as may be prescribed.
- g) The budget must be in the prescribed format and must be divided into capital and operating budgets. The prescribed format of the budget must capture the projected revenue and expenditure for the two financial years following the budget year, the estimated revenue and expenditure for the current year and the actual (audited) revenue

and expenditure for the preceding financial years as per prescription by National Treasury.

- h) The budget must reflect the realistically expected revenues by major source and appropriate expenditure under the different votes for the budget year concerned.

## **2.2. Overview of budget assumption.**

The budget is prepared on the going concern basis which assume that this municipality will continue to provide services for the foreseeable future. Historical information and result play an important role in drafting the budget.

## **2.3 Overview of Budget Funding**

1.2.1. In accordance with the provisions of Section 18(1) of the MFMA, an annual budget may be funded only from:

- a. Realistically anticipated revenues to be collected;
- b. Cash-backed accumulated funds from previous years' surpluses not committed for other purposes;
- c. Borrowed funds, but only for capital projects.

1.2.2 Realistically anticipated revenues to be received from national or provincial government, national or public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds, as provided by Regulation 10 (2) of the Municipal Budget and Reporting Regulations



KZN254 Dannhauser - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		-	-	81,690	5,188	85,243	-	93,658	94,595	95,541
Local Government Equitable Share		-	-	78,831	5,188	82,343	-	91,758	92,676	93,602
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants (insert description)		-	-	2,859	-	2,900	-	1,900	1,919	1,938
Provincial Government:		-	-	1,171	-	1,093	-	1,000	1,000	1,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants (insert description)		-	-	1,171	-	1,093	-	1,000	1,000	1,000
District Municipality: (insert description)		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: (insert description)		-	-	2,103	5,000	8,800	-	846	854	863
		-	-	2,103	5,000	8,800	-	846	854	863
<b>Total Operating Transfers and Grants</b>	5	-	-	84,964	10,188	95,136	-	95,504	96,449	97,404
<b>Capital Transfers and Grants</b>										
National Government:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert desc)		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	2,000	-	-	-	-
Other capital transfers/grants (insert description)		-	-	-	-	2,000	-	-	-	-
District Municipality: (insert description)		-	-	22,081	-	21,400	-	23,766	24,004	24,244
		-	-	22,081	-	21,400	-	23,766	24,004	24,244
Other grant providers: (insert description)		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	-	-	22,081	-	23,400	-	23,766	24,004	24,244
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	107,045	10,188	118,536	-	119,270	120,453	121,647

The above table depict budget receipt on grants programme.

## 2.4. Allocations and grants made by the Municipality

The municipality only made grant of free basic electricity to group of individuals registered as indigent. That indigent register with beneficiaries is submitted by ESKOM to the municipality.

KZN254 Dannhauser - Table A4 budgeted Financial Performance (revenue and expenditure)

Description	Adjusted Budget	Budget Year	Budget Year	Budget Year
	106	2019/20	+ 1 2019/20	+ 2 2021/22
Revenue By Source	R	R	R	R
Total Revenue (excluding capital transfers and contributions)	126,194,000	142,125,000	143,546,000	144,981,000
Total Operating Expenditure	78,251,000	122,994,000	124,224,000	125,467,000
Surplus (Deficit)	94,066,000	19,131,000	19,322,000	19,514,000
Total Capital Expenditure	82,218,000	90,561,000	91,467,000	92,381,000

Total Operating Revenue has increased by 13 percent or R16 million for the 2019/20

financial year when compared to the 2018/19 adjustment budget. For the two outer years, operational revenue will increase by 1 percent respectively, equating to a total revenue growth of R2.8 million over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2019/20 financial year have been appropriated at R122.9 million and result in a budgeted surplus of R10.1 million. When compared to the 2018/19 adjustment budget, operational expenditure have decrease by 2 percent in 2019/20 and the outer years increased by 1 percent respectively. The operating surplus for the two outer years increased to R19.3 million and R19.5 respectively. A cash backed portion of this surplus will be used to fund capital expenditure over these years.

The capital expenditure in 2019/20 financial year has increased by 10 percent or R8.3 million when compared to the 2018/19 adjustment budget. There is a slight difference between capital expenditure on new assets and capital expenditure on repair and upgrade of existing infrastructure which has deteriorated over years. Capital expenditure reflect an increase of over the outer years. The other portion of the capital expenditure will be funded internally by the surplus reflected on the statement of financial performance.

